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FEDERAL COMMUNICATIONS COMMISSION
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VIA HAND DELIVERY

Donna R. Searcy, Secretary
Federal Communications Commission
1919 M Street, N.W., Room 222
Washington, D.C. 20554

Re: Reply Comments of California Payphone
Association in CC Docket No. 92-77

Dear Ms. Searcy:

Enclosed are an original and ten copies of the Reply Comments of California Payphone Association ("CPA") in the referenced proceeding, submitted herewith for filing and distribution to each of the Commissioners. Once accepted for filing, please file-stamp one of the copies and return it to the messenger from our offices.

Please address any questions or comments to the undersigned counsel.

Very truly yours,

GRAHAM & JAMES

By *Richard L. Goldberg*
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Attorneys for
CALIFORNIA PAYPHONE ASSOCIATION

Enclosures

cc: All Commissioners (w/encl.)
Attached Service List (w/encl.)
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Before the
FEDERAL COMMUNICATIONS COMMISSION

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Washington, D.C. 20554

In the Matter of)
)
BILLED PARTY PREFERENCE) CC Docket No. 92-77
FOR 0+ INTERLATA CALLS)
_____)

REPLY COMMENTS OF CALIFORNIA PAYPHONE ASSOCIATION

California Payphone Association ("CPA") hereby submits its Reply Comments in the above-captioned proceeding, pursuant to the Notice of Proposed Rulemaking ("NPRM") issued by the Federal Communications Commission ("Commission") on May 8, 1992.

In the NPRM, the Commission invited parties to discuss alternative proposals for addressing competitive inequities in the existing market resulting from AT&T's issuance and dissemination of proprietary Card Issuer Identifier calling cards ("CIID cards"). See NPRM, at 17, para. 43. CPA's Reply Comments respond solely to one particular proposal set forth in the Comments of Sprint Communications Company ("Sprint").

In its Comments, Sprint suggests that the Commission prohibit interexchange carriers from paying commissions to premises owners on pay telephone calls made via the presubscribed carrier's proprietary card. Sprint argues that this prohibition would prevent AT&T from leveraging the dialing convenience of 0+ access and the large base of calling card customers AT&T inherited at divestiture into a remonopolization of pay telephone presubscription. Sprint contends that this would allow all interexchange carriers ("IXCs") and alternative operator service providers to compete, on equal terms, for pay telephone

presubscription on the basis of commissions on traffic from non-proprietary calling cards, e.g., calling cards issued by local exchange carriers. See Comments of Sprint, at 14-15.

CPA shares Sprint's concern over the possibility of remonopolization of pay telephone presubscription. See Reply Comments of CPA in CC Docket No. 91-115, at 11.^{1/} However, CPA opposes Sprint's proposed remedy.

It appears that Sprint's real concern is the amount of commission that AT&T may be willing to pay to location owners who presubscribe their 0+ calling to AT&T, rather than the amount of commission AT&T will pay specifically on CIID card calls made from phones presubscribed to a carrier other than AT&T. It is true that AT&T's dominant position may enable it to offer more attractive commissions than Sprint can afford. However, the solution is not to prohibit compensation of location owners, but rather to make the dominant means of payment--the CIID card--available to all carriers.

Sprint's proposal would eliminate one of the few means by which private payphone providers are able to receive compensation on 0+ calling. Eliminating such compensation would further reduce private payphone providers' already thin profit margins at typical payphone locations. Thus, adoption of Sprint's proposal could inhibit the placement of customer-owned pay telephones ("COPTs") at mid- and lower-volume locations, to the detriment of the general public.

1. CPA's Reply Comments in CC Docket No. 91-115 have been incorporated into the record in this proceeding. See NPRM, at 16 n.41.

CPA believes that a more equitable approach is to open up the use of CIID cards. Specifically, the Commission should allow other IXCs to use CIID cards for purposes of billing and collection. CPA suggests that the only IXCs that should be permitted to use the CIID card for billing and collection are those IXCs who agree to charge at or below a rate cap set at the level of applicable AT&T rates. This will encourage the charging of reasonable rates to the end user and will satisfy the reasonable expectations of customers to whom CIID cards have been issued.

CONCLUSION

For the reasons stated above, CPA respectfully requests that the Commission address the competitive inequities resulting from AT&T's issuance and dissemination of a proprietary calling card without prohibiting IXCs from paying commissions to COPT providers for 0+ calls placed from COPT stations by means of the presubscribed IXC's proprietary calling card.

Respectfully submitted,

CALIFORNIA PAYPHONE ASSOCIATION

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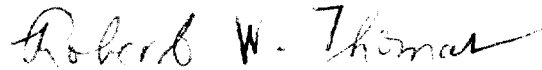
June 17, 1992

CERTIFICATE OF SERVICE

I, Robert W. Thomas, certify that I have this day caused the foregoing **Reply Comments of California Payphone Association** to be served on the parties of interest by sending a copy by United States mail, first-class, postage prepaid, to all parties on the attached service list.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on June 17, 1992, at San Francisco,
California.

A handwritten signature in cursive script, reading "Robert W. Thomas", written in dark ink.

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